



2014 General Fund Year End Results

City Commission Work Session
February 25, 2015



2014 Year End Results Summary



1. Compared to 2014, total General Fund revenues declined 0.5%. (When the \$1.7 million use of cash reserve is included, the total sources grew 0.6%).
 - a) Revenues came in close to the estimate in most categories.
 - b) A total of \$1.7 million of the cash reserve was used to balance the 2014 budget.
2. Total General Fund uses increased 1% when compared to the previous year and were 1% (or \$1.6 million) under budget due to savings in personnel costs.
3. While we were more than successful in achieving our budget goals, we still have some major areas of concern and long-term budget challenges to resolve.



● Finance Committee Briefing ● 2014 General Fund Year End Results ●



(In Millions, does not include Special Projects)

	2014 Original Budget	2014 Actuals	Budget Variance Fav/(Unfav)	Budget Variance Fav/(Unfav)	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	'13-'14 % Chg.	'11-'14 % Chg.
Revenues & Other Sources										
Income Tax	102.7	102.7	(0.1)	-0.1%	99.7	101.5	101.9	102.7	0.7%	3.0%
Property Tax	5.5	5.7	0.2	3.7%	7.4	6.0	5.7	5.7	0.4%	-23.2%
Local Gov't Fund	6.8	6.7	(0.1)	-1.2%	13.0	9.0	6.9	6.7	-2.1%	-48.0%
EMS Fees	4.9	4.5	(0.4)	-8.0%	4.5	4.6	4.8	4.5	-6.4%	0.6%
Fees, Charges & Other Sources	32.3	32.4	0.1	0.3%	30.0	33.3	33.7	32.4	-3.9%	8.1%
Casino	3.2	3.2	(0.0)	-0.4%	0.0	0.7	3.0	3.2	6.2%	N.A.
Total Sources	155.5	155.2	(0.3)	-0.2%	154.5	155.1	156.0	155.2	-0.5%	0.5%
Planned Use of Cash Reserve	3.0	1.7	N.A.	N.A.	0.5	0.0	0.0	1.7	N.A.	N.A.
Total Sources & App. Fund Balance	158.5	156.9	(1.6)	-1.0%	154.9	155.1	156.0	156.9	0.6%	1.3%
Expenditures & Other Uses										
Personnel	112.3	108.2	4.0	3.6%	105.4	103.9	108.0	108.2	0.2%	2.7%
Contracts, Materials & Other Uses	38.7	39.1	(0.4)	-0.9%	36.3	35.5	36.8	39.1	6.2%	7.7%
Capital Equipment	1.8	2.1	(0.4)	-19.7%	0.7	3.6	2.6	2.1	-17.4%	224.4%
Capital Improvements	0.7	2.5	(1.8)	-249.8%	4.8	5.9	4.3	2.5	-43.3%	-48.7%
Development	5.0	5.0	0.0	0.0%	3.0	3.0	3.0	5.0	66.7%	66.7%
Total Uses	158.5	156.9	1.6	1.0%	150.1	151.8	154.7	156.9	1.4%	4.5%
Excess/(Shortfall) of Sources Over Uses										
	0.0	0.0			4.8	3.2	1.3	0.0		

Notes:

1. Amounts may not sum due to rounding.
2. Does not include special projects, which are reported separately.
3. Actuals include exp. against current year appropriation and against prior year's appropriation that carried forward.
4. Other Sources includes interest earnings and operating transfers in.
5. Other Uses include debt service and miscellaneous operating transfers out.
6. 2014 Budget includes adopted budget only and does not include prior year's encumbrances.
7. EMS is reported on a cash basis and an adjustment has been made for weed mowing write-offs.
8. In 2014 a \$325,900 year end transfer for technology improvements is reported under capital equipment rather than transfers.



2014 Year End Tracking YTD

The General Fund ran a deficit for most of the year, largely due to underperforming income tax. When the City received a large tax payment in December, we were able to end the year with a balanced budget using \$1.7 million of the cash reserve.

% Change over Prior Year												
	Jan YTD	Feb YTD	Mar YTD	Apr YTD	May YTD	Jun YTD	Jul YTD	Aug YTD	Sep YTD	Oct YTD	Nov YTD	Dec YTD
Income Tax		3.1%	1.1%	-1.9%	-1.2%	-2.0%	-1.2%	-1.1%	-0.7%	-0.6%	0.1%	0.7%
Total Revenue & Other		-1.0%	0.8%	-0.8%	0.0%	-3.2%	-2.4%	-2.7%	-2.5%	-2.3%	-1.0%	0.6%
Personnel		14.0%	1.6%	1.5%	1.5%	1.2%	0.8%	0.5%	0.6%	1.7%	0.4%	0.2%
Total Expenditures & Other		8.7%	2.7%	0.8%	1.4%	1.2%	2.2%	2.2%	2.1%	2.2%	0.8%	1.4%
Revenue & Other Sources over Exp & Other Uses		(3.6)	(2.6)	(3.2)	(3.5)	(2.8)	(0.6)	(4.5)	(1.3)	(1.2)	0.9	0.0





2014 Monthly Tracking

1. When reviewing the monthly revenue and expenditure trends, there is more consistency on the revenue side of the ledger with the exception of April which reflects the annual income tax filing collections.
2. The expenditure side is less consistent but this is usually due to months with an extra payroll. April is the largest expenditure month as the annual Development and Capital Fund transfers are made then.

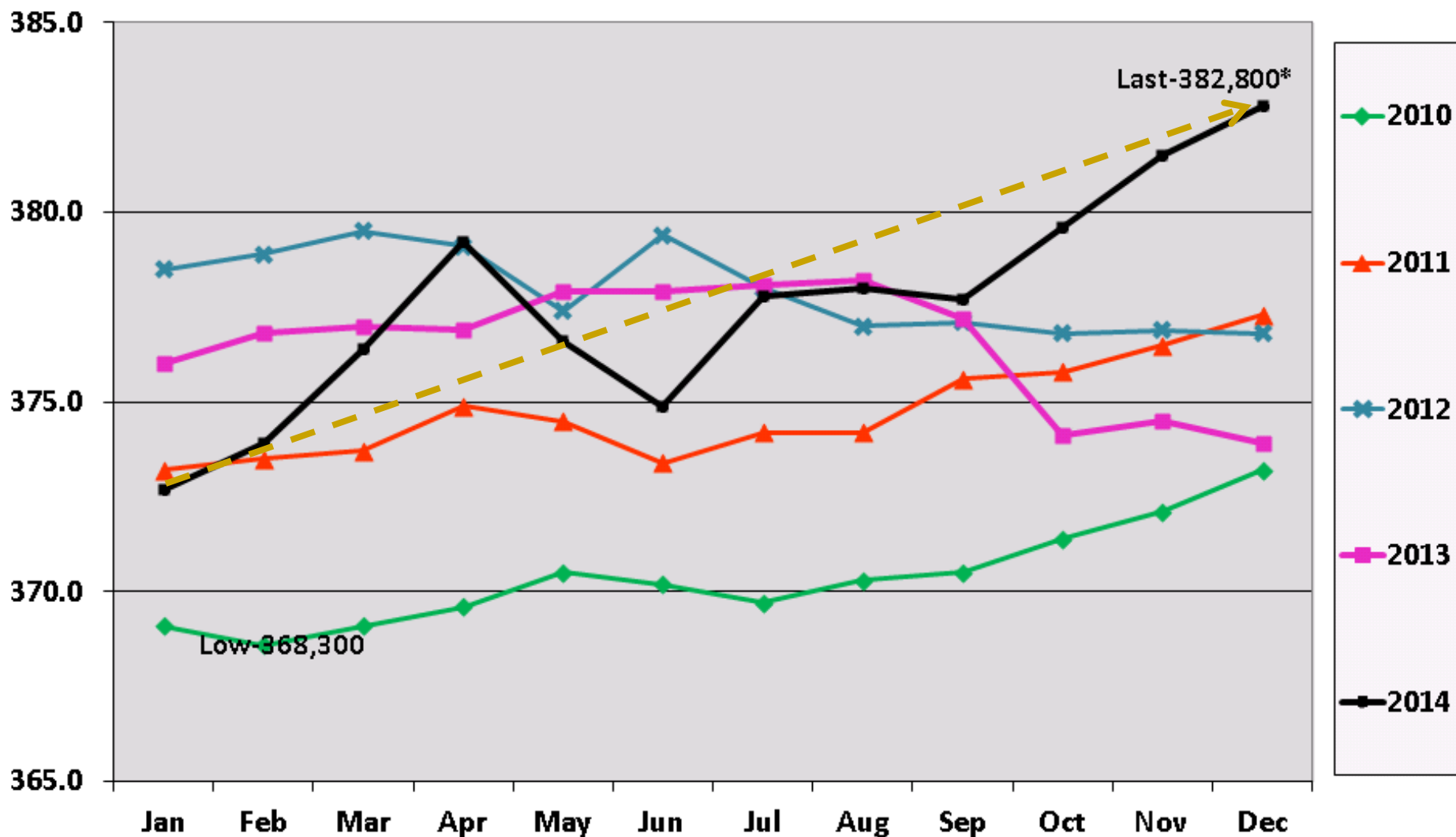
Sources and Uses by Month													
	Jan MTD	Feb MTD	Mar MTD	Apr MTD	May MTD	Jun MTD	Jul MTD	Aug MTD	Sep MTD	Oct MTD	Nov MTD	DEC MTD	2014 Total
Sources	13.1	12.8	12.3	16.1	11.7	12.4	14.2	10.6	14.1	12.0	12.4	13.6	156.9
Uses	16.0	13.5	11.3	16.6	12.0	11.7	12.0	14.5	10.8	11.9	10.3	16.2	156.9
Monthly Excess/(Shortfall)	(2.9)	(0.7)	1.0	(0.5)	(0.4)	0.7	2.3	(3.9)	3.3	0.1	2.1	(2.6)	0.0

Dayton MSA

Total Non-Farm Employment

From Peak to Trough the Region Lost 68,500 Jobs. However, Employment is up 14,500 Since Reaching its Nadir, with 10,000 of Those Jobs Created Since January of 2014.

(in thousands)



* Preliminary

2014 Income Tax Revenues

1. Income tax grew 1% or \$700,000 in 2014 but includes a large tax payment. We met the original forecast of 1% growth.
 - a) Withholding collections were up 1%.
 - b) Taxes on business profits increased almost 1%.
 - c) The tax paid by individuals declined nearly 4%.
 - d) CONCERN: A large estimated tax payment on business profits was received in late December. Final disposition of funds will not be known until return is filed.
 - e) 2015 estimate is \$103.6 million, reflecting an increase of 1% over 2014.



2014 General Fund Revenues

2. Property Tax revenues came in ahead of the estimate (4%) and are flat compared to the previous year.

- a) Property values were flat in the 2014 collection year when compared to the previous year.
- b) Collection rates increased from 93% to 94% largely due to a higher level of delinquency collections (\$108,000).
- c) Millage was again adjusted with a 0.1 mill being moved from the General Fund to the Debt Retirement Fund to help address debt capacity needs.

	GF Mills	Debt Mills	Total Mills
2011	5.0	5.0	10.0
2012	4.8	5.2	10.0
2013	4.6	5.4	10.0
2014	4.5	5.5	10.0

- d) The 2015 estimate totals \$5.2 million (a reduction of \$500,000 from 2014) given the values provided by the Auditor 's Office (11% reduction in residential values and 5% reduction in commercial values) due to the recent revaluation.



2014 General Fund Revenues



3. Local Government Fund revenues saw a decline of 2% in 2014 to \$6.7 million (and came in slightly below the estimate, by 1%).
 - a) 2014 reflects the second full year of the State's 50% cut to the Local Government Fund.
 - b) Local Government Fund dollars totaled \$15.9 million at its peak in 2001.
 - c) The Governor's recent budget proposal would result in an increase in revenues forecasted in 2015 given the planned increase in sales and other taxes and broadening of the sales tax base (which is offset by a proposed 23% cut in income tax rates over the biennium). CAUTION: We expect this legislation to go through several iterations and the final result may not be positive for Ohio cities.




2014 General Fund Revenues

4. Fees, Charges and Other revenues for 2014 came in slightly ahead of the estimate (largely due to the BWC refund -- \$892,000 was the GF share). Revenues declined \$1.3 million in this category from 2013. Major changes year over year include:

Source	Change from 2013	Pct. Chng. From 2013
Racino Payment (2nd of 2 pmts.) (2013 Payment made directly to General Capital Fund, \$500,000 of 2014 payment transferred to General Capital Fund)	1,000,000	N/A
Increase in Plans Examination and Permit Fee Revenues	268,000	24%
Decline in Inheritance Tax Revenues (State reduced tax to 0%)	-2,204,000	-88%



2014 General Fund Revenues

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5. Racino host city payments are not in place for 2015.
 - a) State legislation was passed which included the cities of Austintown and Dayton. The Governor vetoed this allocation of funds and indicated that an agreement needed to be reached that covered all racino host cities.
 - b) City Manager's Office will be working with State contacts on this issue.
 - c) Racino funding of \$500,000 is included in the revenue estimate for the 2015 budget.
 6. Casino revenues came in close to the estimate.
 - a) 2014 collections increased 6%.



2014 General Fund Expenditures

1. Personnel costs for 2014 were under budget by 4% or \$4.0 million.
 - a) Personnel costs were flat in 2014 compared to 2013.
 - b) The average number of employees in the General and Street Maintenance Funds increased by 16 full-time positions, or 1%, from 1196 to 1212.
 - c) Health insurance costs were charged at the 2012 transfer rates.
 - d) Some departments experienced vacancy savings higher than originally planned in the budget. Fire (EMTs and Paramedics) and Central Services (IT positions) had greater turnover than originally planned.



2014 General Fund Expenditures

2. Contracts and materials costs for 2014 were 1% above the original budget (or \$400,000). Additional funds were allocated to Police to make payments to Redflex related to 2013 activity.
3. Capital equipment expenditures planned for 2014 were accomplished.
4. Capital improvements were increased \$1.8 million given the savings experienced in other areas of the budget.
5. Development Fund expenditures totaled \$5.0 million reflecting a “one-time” increase from the historic funding level of \$3.0 million to assist in financing of critical projects.





2015 Cash Reserve: \$21.8 million

Cash Reserve Policy: 6 to 10 weeks of expenses (11.5% to 19.2%)	Cash Reserve	Minimum Reserve (11.5% or 6 Weeks)	Amount Over Minimum
2015 Cash Reserve before Use of Fund Balance	\$24.3 million		
Less Use of Fund Balance Planned in 2015 Budget	-\$2.5 million		
Final Cash Reserve for Beginning of 2015	\$21.8 million	\$19.0 million	\$2.8 million



General Fund Budget Metric

One of our financial goals is to ensure major tax sources meet or exceed personnel costs, the major cost center of the General Fund budget. We have met the goal in 2011, 2012, and 2014.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Income Tax	98.1	99.7	101.5	101.9	102.7	103.6
Property Tax	<u>8.9</u>	<u>7.4</u>	<u>6.0</u>	<u>5.7</u>	<u>5.7</u>	<u>5.2</u>
Major Tax Sources	107.1	107.1	107.5	107.6	108.4	108.8
Personnel Costs	111.8	105.4	103.9	108.0	108.2	113.3
Variance	(4.7)	1.7	3.6	(0.4)	0.2	(4.5)
Financial Metric	95.8%	101.6%	103.4%	99.6%	100.2%	96.0%

Summary of General Fund Transfers



Development/Downtown	5,000,000
Cash Capital	2,466,563
Street Maintenance (Winter Weather Response)	1,100,000
Debt Retirement (Rec Plex, Recycling Containers)	668,000
Judgments Fund	500,000
Grant Matches/Fund Closings	298,878
LED Street Light Replacements	350,000
27th Pay Fund	335,000
Citizens Initiative to Reduce Gun Violence (CIRGV)	144,000
Employee Professional Development Fund	150,000
Mediation Center GF Support	120,000
Sidewalk Repair for Arcade	40,000
Mowers for Golf (Tran. not done in 2013 as planned)	60,000
Courts Transfers for various corrections	<u>55,292</u>
Total Other Transfers	3,821,170
Total All Transfers Reported in Mgt. Report:	11,287,733



Summary of Cash Capital Transfers

Cash Capital Transfer:	
Original amount planned in 2014 budget	705,200
Supplemental Technology Allocations:	
Radios (Year 1)	500,000
ELMS Project (Tidemark Replacement) Year 1	500,000
Website Redesign (GF Portion)	71,000
Information Technology 2014 Carryover	<u>360,000</u>
Sub-total Technology Allocations	1,431,000
Railroad Maintenance Project (pre funding 2015)	80,000
Various Projects	<u>250,363</u>
Total Cash Capital Transfer	2,466,563

Note: As a result of under spending in other budget categories, we were able to transfer funds for critical capital improvement and technology needs.



2015 Potential Budget Liabilities



2015 Budget Issue	Estimate Min.		Estimate Max.
Winter Weather Response (overtime, replenish salt supply, equipment repair)	\$500,000	to	\$1,000,000
Income Tax Estimated Payment awaiting filing	\$0	to	\$1,000,000
Racino Payments unpaid to date	\$0	to	\$500,000
Body Cameras for Police	\$500,000	to	\$750,000
COPS Hiring grant ineligible costs (appeal to DOJ being compiled by Police and OMB)	\$300,000	to	\$600,000
Transportation Center Garage software	\$300,000	to	\$400,000

Note: Implementation costs related to H.B. 5 and income tax collection processes have not been finalized.





Upcoming Work Session Discussions

1. March Finance Committee Briefing will include year end results and CIP for Water, Sewer, and Aviation.
2. Evaluate 2015 budget process for future improvements (including performance measures and earlier City Commission input).
3. Continue work on 2016 – 2017 budget solutions.



Thank you.

Questions?

